

Connecticut State Board of Accountancy
March 18, 2008
Minutes

Chairman Reynolds called the meeting to order at 8:30 A.M. in the office of the Board via conference call at 30 Trinity Street, Hartford, CT 06106.

Present:

Thomas F. Reynolds, CPA, Chairman
Richard P. Bond
James S. Ciarcia
Philip J. DeCaprio, Jr., CPA, CrFA, CVA, ABV
Richard H. Gesseck, CPA
Leonard M. Romaniello, Jr., CPA, CITP, MST
Richard L. Sturdevant
Martha S. Triplett, Esq.
Michael Weinschel, CPA

Staff Members Present:

David L. Guay, Executive Director
Rebecca E. Adams, Esq., Board Counsel
Angel D. Acevedo, Office Assistant

Motion made by Philip DeCaprio and seconded by Michael Weinschel to accept and approve the minutes of the February 05, 2008 State Board of Accountancy meeting; All voted in favor; no votes against and no abstentions.

Executive Director's Operations Update and Review:

On-line Renewal – On-line lookup and Licensing Database

- Renewal period closed February 29, 2008
 - The total number of individual licenses renewed is 4,504 - 77% on-line
 - The total number of certificate registrations renewed is 2,519 - 79% on-line
 - The total number of firms renewed is 1,536 - 67% on-line
- Held first post event meeting with Jamie Gamble, planning improvements for next year.
- Solved immediate Department of Information Technology (DOIT) Issues – relationship much improved
- Planning with DOIT for future Information Technology improvements

2008 Legislation - Mobility

- Not included in the Governor's initiatives for 2008
- Society took over the initiative – Raised Bill 684 – Public Hearing held March 12, 2008

Regulation Project and Effort

- Attorney Adams has two Regulations in process
 - Exam Fee Regulation
 - Permanent Education Regulation
- Need to continue monthly review in conjunction with CSCPA Study
- CSCPA working on Experience Regulation

Records Retention Effort

- Special projects completed
- Scanning of minutes is canceled, vendor is reluctant to take on task because of the age of the documents – preparing to hand over the original minute books, without scanning to the State Archives, budget concerns also an impediment.

100th Anniversary

- Completed on February 05, 2008 as part of our regular meeting

CPA Exam

- Craig Mills of the AICPA attended the February 05, 2008 Board meeting
- NASBA Exam meeting to be held on May 19, 2008 at the Dallas-Fort Worth Airport

Budget

- OPM projecting shortage in total FY08 Other Expenses (OE)(OPM spread sheet forwarded previously)
- FY09 – OPM proposed elimination of \$10,000 in travel, elimination of \$20,000 for credit card fees (suggesting a netting out of fees from collected revenue), and also removing the Board for Administrative Purposes (APO) from OPM. Research of the credit card proposal is not viable without amending the State contract and amending of Statutes, and the proposal to remove the Board from APO from OPM is without an alternative for the services and without a plan for transition. The Governor's Office and OPM has been informed of our concerns (see previous emails).

Motion made by Richard Sturdevant and seconded by Philip DeCaprio to deny the request made by Kurt W. Streams to accept experience gained during the period of 1983-1995 for his Initial Certificate /Initial CPA License Application. All voted in favor; no votes against and no abstentions.

Motion made by Philip DeCaprio and seconded by Michael Weinshel to approve the March 18, 2008 list of individual applications for CPA Certificate, Registrations and CPA Licenses. All voted in favor; no votes against and no abstentions.

Motion made by Richard Sturdevant and seconded by Richard Bond to approve the March 18, 2008 list of Firm Permit to Practice applications. All voted in favor; no votes and no abstentions.

Motion was made by James Ciarcia and seconded by Leonard Romaniello to approve Mr. Pornwadee Graves' request for an extension of conditional passing credit for the REG portion of the CPA Examination. All voted in favor; no votes against. However, Mr. Philip DeCaprio abstains.

Motion made by Michael Weinshel and seconded by Martha Triplett to deny Mrs. Debra Allen-Davis' request for an extension of conditional passing credit for the BEC portion of the CPA Examination. All voted in favor; no votes against and no abstentions.

Motion made by Michael Weinshel and seconded by Philip DeCaprio to approve the draft response to NASBA'S focus questions. All voted in favor; no votes against and no abstentions.

Under Public Comment:

Prof. Larry Grambling, University of Connecticut, addressed the Board briefly.

Arthur Renner, Executive Director of CSCPA, addressed the Board briefly.

John Turgeon, also addressed the Board briefly.

PUBLIC SESSION

ENFORCEMENT AGENDA

March 18, 2008

A. REQUESTING SETTLEMENT APPROVAL

1. 2007 LATE EARNED CPE

Bell	12583	250
Cace	12071	100
Grossman	6876	100
Jacubec	2734	100
Leamon	7783	250
Kennedy	10043	250
Makuch	8546	100
Natrajan	13155	100
Vann	8751	100
Walleck	11663	250

Late fees of \$100 were assessed for CPE earned after June 30 and on or by September 30. Late fees of \$250 were assessed for CPE earned after September 30 and on or by December 31. These fees are scheduled to increase to \$250 and \$500, respectively, in 2009.

Motion made by Michael Weinshel and seconded by Leonard Romaniello to approve the 2007 late earned CPE settlements entered into by Bell, License # 12583; Cace, License # 12071; Grossman, License # 6876; Jacubek, License # 2734; Leamon, License # 7783; Kennedy, License # 10043; Makuch, License # 8546; Natrajan, License # 13155; Vann, License # 8751; Walleck, License # 11663. All voted in favor; no votes against and no abstentions.

2. OTHER SETTLEMENTS

2007125-3087 Caminiti & Cogliati, CPAs, LLP – Performing field work in Connecticut while holding a firm permit and certificate registrations for the years 2002, 2003, 2004. Mr. Caminiti brought the matter to the Board’s attention himself in December of 2007. The Board recommended offering a settlement based upon payment of all back licensing fees. He accepted that proposal.

Requesting settlement approval for \$1350 in previous licensing fees as discussed at the December meeting.

Motion made by Philip DeCaprio and seconded by Leonard Romaniello to accept Attorney Adams’ recommendation to approve the settlement in case# 2007125-3087, Caminiti & Cogliati, CPAs, LLP. All voted in favor; no votes against and no abstentions.

2007199-3099 Ron Beaulieu & Company – Late reporting of quality review.

Mr. Beaulieu’s firm is located in Maine. He performs audits for some non profits organizations in Connecticut. While he did undergo QR for all relevant years, he failed to forward his 2003 and 2006 QR to our attention until this year.

Recommended settlement approval requiring payment of \$250 fine.

Motion made by Philip DeCaprio and seconded by James Garcia to accept Attorney Adams’ recommendation to approve the settlement in case # 2007199-3099, Ron Beaulieu & Company. All voted in favor; no votes and no abstentions.

B. RECOMMENDING DISMISSAL

2007200-3102 Michael Thibodeau – failure to return records

Mr. Thibodeau returned the records within two weeks of the request made by the client, without the Board’s intervention, the client filed the complaint with the Board prior to requesting the records in writing from the CPA.

Recommend dismissal- no probable cause to find a violation

2006043-2943 Anne Stewart-Fitzroy – allegations of billing for services not provided and negligence in the filing of tax returns.

Maura Smithies filed the complaint claiming that the taxes filed for Greenwoods Theater Associates were improperly handled and were filed under the incorrect company name. After investigation and review of all documents in the licensee’s possession, counsel found that all returns had been filed under the proper company name and no violation was sustained.

Recommend dismissal- no violation/no probable cause

Motion made by Michael Weinshel and seconded by Philip DeCaprio to accept Attorney Adams’ recommendation of dismissal of all charges in case # 2007200-3102 and case # 2006043-2943. All voted in favor; no votes against and no abstentions.

C. PETITION FOR DECLARATORY RULING

Request by the City of Bridgeport:

On February 21, 2008, legal counsel to the State Board of Accountancy received a letter from Michael Feeney, Chief Fiscal Officer for the City of Bridgeport, requesting an opinion on and an answer to the following question:

Can the Certified Public Accountant firm performing attest services for the City of Bridgeport also be hired to perform non-attest services relating solely to assisting the City select a software vendor who will be hired to select, or develop, and implement a new financial management system?

Counsel has determined that, in order for the Board to provide the guidance requested by the City of Bridgeport, it must first decide to treat the matter as a request for a declaratory ruling, pursuant to Connecticut General Statutes section 4-176(a) which provides, in relevant part that, an agency may on its own motion initiate a proceeding for a declaratory ruling as to the applicability to specified circumstances of a provision of a regulation.

Pursuant to that section, the Board must decide, within 60 days of its decision to treat the matter as ripe for declaratory ruling, whether it will issue a declaratory ruling on the matter or whether it will decline to do so. In addition, within 30 days of a Board decision to treat the request as a petition for declaratory ruling, the Board must issue notice to the petitioning party as well as any other entity on file with the Board as having requested notice of declaratory ruling petitions. Conn. Gen. Stats. §4-176(c). No one is on file with the State Board of Accountancy as having requested notice of declaratory ruling petitions on this subject matter. However, due to the interest expressed in previous proceedings by the Connecticut State Society of CPAs, counsel recommends that notice be provided to the CSCPA as well as the petitioner.

A declaratory ruling in this matter would be made after application of the following regulations and guidance documents to the facts as outlined by the City of Bridgeport:

1. Regulations of Connecticut State Agencies Section 20-280-15c(a): Rules of conduct. Independence.

Since these regulations do not specifically address the question presented to the Board and since the AICPA Code of Conduct is more restrictive with respect to independence than the State of Connecticut Regulations, the Board would then turn to the AICPA code of conduct.

2. AICPA Code of conduct Rule 101-3: Independence. Performance of non-attest services (to attest clients).

Copies of both of these documents are attached.

Pursuant to Conn. Gen. Stat. §4-176(h), a declaratory ruling has the same status and binding effect as an order issued in a contested case and shall be a final decision for purposes of appeal in accordance with the provisions of Conn. Gen. Stat. §4-183. Therefore, entities other than the CSCPA and the City of Bridgeport may present requests to the Board to be made parties or intervenors in the matter. All noticed parties and those granted party or intervenor status will be allowed to submit written comments regarding their opinions in the matter and may appeal the final ruling to the Superior Court.

Counsel will provide a legal memorandum to the Board regarding the application of the Connecticut code of conduct and the AICPA code of conduct to the facts presented by Bridgeport. This document will be issued for the purposes of legal advice to the Board in an ongoing contested matter. The Board would then issue a declaratory ruling or a statement regarding its decision not to issue a declaratory ruling by May 16, 2008.

Counsel believes this is an appropriate subject for a declaratory ruling by the Board and recommends that the Board agree to issue a declaratory ruling on the matter at or by its May 7, 2008 meeting.

Motion made by Michael Weinshel and Philip DeCaprio to accept Attorney Adams' recommendation for a declaratory ruling on or by its May 07, 2008 meeting. All voted in favor; no votes against and no abstentions.

Motion made by Martha Triplett and seconded by James Ciarcia to adjourn the March 18, 2008 Board Meeting; all voted in favor. The meeting was officially closed at 9:56 A.M.